



# Department of Justice

FOR IMMEDIATE RELEASE  
TUESDAY, MARCH 31, 1998

AT  
(202) 514-2008  
TDD (202) 514-1888

**CHANCELLOR MEDIA CORPORATION ABANDONS BID TO ACQUIRE  
LONG ISLAND RADIO STATIONS  
AFTER JUSTICE DEPARTMENT CHALLENGE**

**Case was DOJ's First Contested Challenge to Radio Merger**

WASHINGTON, D.C. -- The Department of Justice today announced that Chancellor Media Corporation has agreed to abandon its plan to acquire four radio stations owned by SFX Broadcasting, Inc. in Long Island, New York. The Department's Antitrust Division had sued to block the proposed acquisition last November, in its first contested court challenge to a merger in the radio industry since the passage of the Telecommunications Act of 1996.

The Department's Antitrust Division stated that Chancellor, instead of fighting the Department's challenge in court, has agreed to settle the lawsuit by agreeing to abandon its \$54 million bid to acquire SFX radio stations WBLI-FM, WBAB-FM, WHFM-FM and WGBB-AM. It also agreed to terminate an arrangement under which Chancellor had been operating the SFX stations in anticipation of the acquisition. The deal would have created a dominant Long Island radio group with more than 65 percent of the market.

"With today's resolution of this matter, we won every ounce of relief that we could have obtained by litigating this case to

the end," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division, "As the Long Island case shows, we continue to be ready to fight in court radio mergers that harm competition and result in higher radio advertising prices for businesses relying on radio to sell their products and services."

According to the complaint, which was filed in U.S. District Court in Long Island, Chancellor, which owns WALK-FM/AM on Long Island, and SFX are the number one and number two radio companies on Long Island and have been locked in a daily battle against one another for listeners and for advertising revenues. The complaint further alleged that competition between the companies had been an essential element in keeping down prices for Suffolk County radio advertising. The complaint also stated that Chancellor recognized that its acquisition of the SFX radio stations would have enabled it to increase the prices its charges to advertisers.

The settlement, if approved by the court, would resolve the lawsuit and eliminate the need for a trial. The settlement calls for Chancellor to abandon its plans to acquire SFX's Long Island stations. It would also prevent Chancellor, SFX and any of their successor companies from combining WALK-FM/AM with WBLI-FM and WBAB-FM. Finally, the settlement requires Chancellor and SFX to terminate as soon as possible, but no later than August 1, 1998, a local marketing agreement under which Chancellor has been temporarily operating SFX's Long Island radio stations in

anticipation of the acquisition. This would stop the companies from making joint decisions on the prices of advertising and on programming.

Chancellor, headquartered in Irving, Texas, is the second largest radio broadcaster in the United States. It owns 97 radio stations in 22 major markets across the country, including a presence in each of the 12 largest markets. Chancellor's stations generated sales in excess of \$582 million last year.

SFX, headquartered in New York City, owns or operates 86 radio stations located in 24 metropolitan areas in the United States.

Two other radio merger settlements were also filed today by the Department. In U.S. District Court in Uniondale, Long Island, the Department filed a complaint and proposed settlement that would permit Capstar Broadcasting Partners, Inc. (a company affiliated with Chancellor through the common ownership of Hicks, Muse, Tate & Furst Incorporated, a Dallas-based investment firm) to go forward with its \$2.1 billion acquisition of SFX Broadcasting, Inc., so long as it divests eleven radio stations - four Greenville-Spartanburg, South Carolina, one each in Pittsburgh, Pennsylvania, Houston, Texas and Jackson, Mississippi, and, because of Chancellor's affiliation with Capstar, the four SFX stations in Long Island, New York. Also today, the Department's Antitrust Division filed a complaint and proposed settlement in U.S. District Court for the District of Columbia, which would permit CBS Corporation to go forward with

its \$1.6 billion acquisition of American Radio Systems, so long as it divests seven radio stations -- four in Boston, two in St. Louis and one in Baltimore.

Including today's actions, the Department's Antitrust Division has filed eight cases to restructure radio deals since the passage of the Telecommunications Reform Act of 1996. Three additional deals have been restructured or abandoned in the face of the Department's competition concerns without going to court.

As required by the Tunney Act, the proposed consent decree resolving the lawsuit against Chancellor and SFX will be published in the Federal Register, together with the Department's competitive impact statement. Any person may submit written comments concerning the proposed consent decrees during a 60 day comment period to Craig W. Conrath, Chief, Merger Task Force, Antitrust Division, U.S. Department of Justice, Suite 4000, 1401 H Street, N.W., Washington, D.C. 20005, telephone (202) 307-0001.

At the conclusion of the 60-day comment period, the federal district court in the Eastern District of New York may enter the consent decree upon finding that it serves the public interest.

###

98-154+